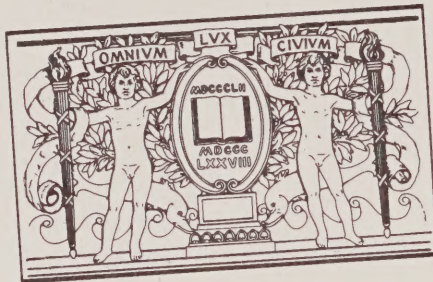


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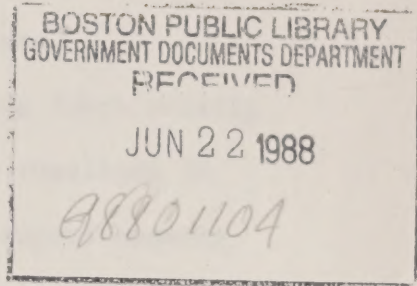
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Boston Vacancy Rates 1980, 1985, 1986;
Transition from a Throw-Away
Housing Market to One of Scarcity

Alexander Ganz, Assistant Director
Policy Development and Research
Boston Redevelopment Authority



April 29, 1987

Raymond L. Flynn, Mayor
City of Boston

Stephen Coyle, Director
Boston Redevelopment Authority

Alexander Ganz, Assistant Director
Policy Development and Research

Boston Redevelopment Authority
Board of Directors

Robert L. Farrell, Chairman
Joseph J. Walsh, Vice-Chairman
James K. Flaherty, Treasurer
Clarence J. Jones, Asst. Treasurer
Michael J. Donlan, Member
Kane Simonian, Secretary

All of the recent evidences, since 1980, point to an emerging housing shortage in Boston, with an extraordinary rise in housing prices and rentals, responding to the city's growth economy as the 1980's unfolded.

As Boston shifted from the era of the throw-away housing (more housing than people in the period of population decline, 1950-1980, resulting in abandonment and a soft housing market) around 1978-1980, a severe housing shortage brought price escalation with housing price increases of 30% in 1984, 30% in 1985, and 20% in 1986, leading that in the nation's large cities.

The effect of the housing shortage on vacancies is confirmed by recent counts and surveys conducted in 1985 and 1986. Please see attached table entitled "Boston's Vacancy Rates, 1980, 1985, and 1986". The U.S. Census Bureau had reported Boston's 1980 rental vacancy rate at 7.5%, total, and 5.0%, vacant more than 2 months.

A representative household survey conducted in Boston in Spring 1985 reported a gross vacancy rate (including "for sale" housing and board-ups) of 6.1%, and a net vacancy rate (excluding board-ups but including "for sale" housing) of 4.3%. Though this survey did not identify vacant rental housing, if we presume that the same relationship prevailed as that in 1980 (between all vacancies and rental housing vacancies) then the 1985 rental vacancy rate may be estimated at 5.4% ($7.5\% \times 6.0\% \div 4.3\%$), and that vacant more than 2 months at 2.9% ($5.0\% \times 7.5\% \div 4.3\%$).

The Boston office of the Federal Home Loan Bank Board had commissioned the U.S. Postal Service to conduct a comprehensive survey of vacant housing in the Boston Primary Metropolitan Statistical Area, and a report on the findings, dated April 22, 1985, showed a vacancy rate of 2.5% for all housing

Boston's Vacancy Rates, 1980, 1985, and 1986

U.S. Decennial Census, City of Boston, 1980¹

Gross vacancy rate, including board-ups	9.5%
Net vacancy rate, excluding board-ups	6.0%
Rental vacancy rate	7.5%
Vacant more than 2 months	5.0%

Boston Household Survey, 1985²

Gross vacancy rate, including board-ups	6.1%
Net vacancy rate, excluding board-ups	4.3%

U.S. Postal Survey, Housing Vacancy Report,
Conducted for the Boston Office of the
Federal Home Loan Bank Board,
April 1985³

Boston vacancy rate	2.5%
---------------------	------

Rental Housing Association of the
Greater Boston Real Estate Board⁴

Boston rental vacancy rate, <u>Oct. 1986</u>	2.8%
----------------------------------------------	------

Sources: ¹U.S. Bureau of the Census, 1980 Census of Housing, General Housing Characteristics, Part 23, Massachusetts, HC80-1-A23, Table 18,
July 1982

²Boston Redevelopment Authority, Boston at Mid-Decade; Results of the 1985 Household Survey, V. Characteristics of Housing Units,
June 1986.

"The Boston Household Survey was conducted by the Center for Survey Research of the University of Massachusetts...The Boston Household Survey was designed and conducted so as to obtain information that is representative..., accurate, and reliable...

³Federal Home Loan Bank Board, Boston PMSA Housing Vacancy Survey, Survey Area by Zipcode, Boston Zipcodes, April 22, 1985. See Attachment.

⁴Rental Housing Association, Greater Boston Real Estate Board, 1986 Fall Industry Survey, Community Analysis, Boston. (Percentage increase in rents, Spring to Fall 1986, 5.9%).
Note: The sample includes about 5.5% of the rental housing stock.

"The total number of Boston units reported in this survey reveals a 62% increase over the number of units reported in the Spring. With this wider representation of rental units in Boston, we see an increase in the vacancy rate for market units from 3.6% (Spring) to 9.6% as of October. We must further point out however that the increase in market rate units results primarily from the inclusion of one larger market-rate complex with a relatively high vacancy rate at the present time. When this property is deleted from the data base, we report a market unit vacancy rate of 4.6%. In either case, the market unit vacancy rate is in sharp contrast to the regulated rate of 0.5% (down from 0.9% in the Spring)."

The Rental Housing Association report provides all of the information needed for the calculation of the rental vacancy rate excluding the "one larger market-rate complex with a relatively high vacancy rate". This complex is readily identified as 280 vacant units on Beacon Hill. (Regulated units 3,753 x 0.5% vacancy rate, + market units 4,934 x 4.6% vacancy rate, \div by 8,687 rental units in the survey = rental vacancy rate of 2.8%)

types for the total of the zipcode areas in Boston. Please see attachment. Again, if we presume that the 1980 relation of vacancies for all housing to rental housing prevailed, then the rental vacancy rate may be calculated at 3.2% ($9.5\% \div 7.5\% \times 2.5\%$), and that vacant for more than 2 months at 2.1% ($5.0\% \div 7.5\% \times 3.2\%$).

The Rental Housing Association of the Greater Boston Real Estate Board reported a Boston rental vacancy rate of 5.7%, in Oct. 1986, but the Rental Housing Association report indicates the Boston vacancy number may overstate the actual rate because of "the inclusion of one larger market-rate complex with a relatively high vacancy rate at the present time". (Please see note to table). When this is adjusted for the exclusion of the large complex, the real rental vacancy rate is seen as 2.8%. Again, if we presume the 1980 relationship of "vacant more than 2 months" prevails, then that vacancy rate may be calculated at 1.9% ($5.0\% \div 7.5\% \times 2.8\%$). The Rental Housing Association sample for Boston makes up approximately 5.5% of the rental housing stock, with an average rental of \$601 (as of Oct. 1986) in comparison with the Boston Household Survey 1985 figure for median gross rent of \$400.

Boston's housing crisis has been described by qualified observers in successively expansive superlatives. The rise in Boston's (metro area) housing prices was called the "highest in the U.S.", in a May 1986 Boston Globe article reporting the findings of a nationwide survey by the National Association of Realtors. In June 1986, the New York Times quoted a Philadelphia Chase Econometrics analyst, in an article headlined "Housing Sales in Northeast Set a Hot Pace", as saying "There is nothing as crazy as the Boston market right now".

With a growth of 93,000 jobs since 1976, population and households have risen by 49,000 and 16,000, respectively, 1980-1985, while the housing stock advanced by only 8,000 dwellings.

These recent economic, demographic and housing trends in Boston represent a fundamental turn-around of the fortune of the city. Following World War II, Boston lost more than half its manufacturing jobs. The city was further impacted severely by the deep national recessions of the early 1970's, and the rate of unemployment reached 12.5%, in 1975; (the current rate is 4.5%). With job loss and suburbanization, Boston's population declined by almost one-third, between 1950 and 1980. With large scale attrition of jobs and population, Boston entered a throw-away housing area; demolition, conversions, and removal totalled 19,000 dwelling units from 1970 to 1980, equal to 8% of the city's 1970 housing stock.

While Boston shifted from a "throw-away" housing mode to one of scarcity about 1978, the vacancies reported in the federal decennial census of 1980 still reflected the vestiges of the earlier era. The true proportions of Boston's Housing crisis, consequently, are not reflected in data collected in the 1980 Census.

BOSTON MA PHSA HOUSING VACANCY SURVEY

ALL HOUSING TYPES

1

SURVEY AREA / ZIP CODE		TOTAL UNITS	USED NUMBER	USED PCT	VACANT NUMBER	VACANT PCT	TOTAL NUMBER	TOTAL PCT	UNCLER NUMBER	UNCLER PCT
(CONTINUED)										
NORFOLK COUNTY		81,963	378	0.5	310	0.4	688	0.8	1,076	1.3
TOTAL NORFOLK COUNTY										
PLYMOUTH COUNTY										
HANDOVER		02339	7	0.2	1	0.1	8	0.2	41	1.2
HINGHAM		02043	29	0.4	4	0.1	33	0.5	11	0.2
HILL		02045	50	1.1	2	0.1	52	1.2	70	1.6
MARSHFIELD		02050	65	1.2	8	0.2	73	1.4	31	0.6
PLYMOUTH										
ZIP CODE 02360		10,730	169	1.6	25	0.2	194	1.8	66	0.6
ZIP CODE 02364		2,790	256	9.2	4	0.1	260	9.3	59	2.1
TOTAL PLYMOUTH		13,520	425	3.1	29	0.2	454	3.4	124	0.9
ROCKLAND		02370	26	0.5	0	0.0	26	0.5	14	0.3
SCITUATE		02066	57	0.9	58	0.9	115	1.9	69	1.1
TOTAL PLYMOUTH COUNTY		44,651	659	1.5	102	0.2	761	1.7	360	0.8
SUFFOLK COUNTY										
BOSTON										
ZIP CODE 02108		1,975	40	2.0	0	0.0	40	2.0	0	0.0
ZIP CODE 02109		1,537	55	3.6	0	0.0	55	3.6	200	13.0
ZIP CODE 02110		1,057	0	0.0	0	0.0	0	0.0	0	0.0
ZIP CODE 02111		1,387	0	0.0	0	0.0	0	0.0	0	0.0
ZIP CODE 02113		4,116	0	0.0	0	0.0	0	0.0	2	0.1
ZIP CODE 02114		7,027	248	3.5	3	0.1	251	3.6	18	0.3
ZIP CODE 02115		10,926	176	1.6	12	0.1	188	1.7	99	0.9
ZIP CODE 02116		10,075	179	1.8	18	0.4	197	2.2	240	2.4
ZIP CODE 02118		9,230	247	2.7	46	0.5	293	3.2	135	1.5
ZIP CODE 02119		10,051	255	2.5	245	2.4	500	5.0	45	0.4
ZIP CODE 02120		5,609	804	14.3	0	0.0	804	14.3	2	0.1
ZIP CODE 02121		11,514	302	2.6	3	0.1	305	2.6	12	0.1
ZIP CODE 02122		8,360	161	1.9	0	0.0	161	1.9	8	0.1
ZIP CODE 02124		16,397	226	1.4	10	0.1	236	1.4	212	1.3
ZIP CODE 02125		12,078	744	6.2	21	0.2	765	6.3	6	0.1
ZIP CODE 02126		9,348	102	1.1	0	0.0	102	1.1	0	0.0
ZIP CODE 02127		12,529	265	2.1	0	0.0	265	2.1	11	0.1
ZIP CODE 02128		12,553	219	1.9	17	0.1	236	2.0	49	0.4
ZIP CODE 02129		6,195	178	2.9	5	0.1	183	3.0	104	1.7
ZIP CODE 02130		14,455	247	1.7	68	0.5	315	2.2	16	0.1
ZIP CODE 02131		11,938	33	0.3	9	0.1	42	0.4	5	0.1
ZIP CODE 02132		9,910	3	0.1	0	0.0	3	0.1	46	0.5
ZIP CODE 02134		8,840	16	0.4	2	0.1	18	0.4	72	0.8

ALL HOUSING TYPES

SURVEY AREA / ZIP CODE		TOTAL UNITS		OCCUPANCY		VACANT		TOTAL		UNDER CONSTRUCTION	
		NUMBER	PCT	NUMBER	PCT	NUMBER	PCT	NUMBER	PCT	NUMBER	PCT
(CONTINUED)											
SUFFOLK COUNTY											
BOSTON											
✓ ZIP CODE 02135	15,659	124	0.8	14	0.1	138	0.9	102	0.7		
ZIP CODE 02136	10,161	41	0.4	3	0.1	44	0.4	9	0.1		
ZIP CODE 02138	13,429	65	0.5	44	0.6	149	1.1	55	0.4		
ZIP CODE 02139	12,820	63	0.5	4	0.1	67	0.5	24	0.2		
ZIP CODE 02140	7,345	153	2.1	2	0.1	155	2.1	8	0.1		
ZIP CODE 02141	4,238	5	0.1	2	0.1	7	0.2	5	0.1		
ZIP CODE 02142	365	0	0.0	0	0.0	0	0.0	0	0.0		
ZIP CODE 02143	11,279	98	0.9	11	0.1	109	1.0	0	0.0		
ZIP CODE 02144	10,182	37	0.4	1	0.1	38	0.4	4	0.1		
ZIP CODE 02145	9,971	83	0.8	0	0.0	83	0.8	6	0.1		
ZIP CODE 02146	24,907	63	0.3	39	0.2	102	0.4	134	0.5		
ZIP CODE 02148	21,298	30	0.1	3	0.1	33	0.2	25	0.1		
ZIP CODE 02149	13,791	8	0.1	2	0.1	10	0.1	58	0.4		
ZIP CODE 02150	10,382	75	0.7	10	0.1	85	0.8	6	0.1		
ZIP CODE 02151	16,263	21	0.1	18	0.1	39	0.2	33	0.2		
ZIP CODE 02152	7,416	22	0.3	1	0.1	23	0.3	2	0.1		
ZIP CODE 02154	20,056	137	0.7	2	0.1	139	0.7	36	0.2		
ZIP CODE 02155	21,439	2	0.1	117	0.5	119	0.6	152	0.7		
ZIP CODE 02158	4,777	6	0.1	0	0.0	6	0.1	3	0.1		
ZIP CODE 02159	6,263	7	0.1	1	0.1	8	0.1	2	0.1		
ZIP CODE 02160	3,472	2	0.1	0	0.0	2	0.1	2	0.1		
ZIP CODE 02161	2,532	1	0.1	2	0.1	3	0.1	24	0.9		
ZIP CODE 02162	370	0	0.0	0	0.0	0	0.0	0	0.0		
ZIP CODE 02164	905	1	0.1	0	0.0	1	0.1	0	0.0		
ZIP CODE 02165	4,357	2	0.1	3	0.1	5	0.1	5	0.1		
ZIP CODE 02166	2,491	0	0.0	0	0.0	0	0.0	28	1.1		
ZIP CODE 02167	6,245	18	0.3	54	0.9	72	1.2	36	0.6		
ZIP CODE 02168	1,946	11	0.6	0	0.0	11	0.6	0	0.0		
ZIP CODE 02169	20,605	121	0.6	4	0.1	125	0.6	180	0.9		
ZIP CODE 02170	7,600	12	0.2	0	0.0	12	0.2	0	0.0		
ZIP CODE 02171	6,366	9	0.1	0	0.0	9	0.1	0	0.0		
ZIP CODE 02172	13,909	18	0.1	7	0.1	25	0.2	247	3.9		
ZIP CODE 02173	10,082	26	0.3	7	0.1	33	0.3	139	1.0		
ZIP CODE 02174	18,725	47	0.3	0	0.0	47	0.3	90	0.9		
ZIP CODE 02176	11,565	52	0.4	2	0.1	54	0.5	6	0.1		
ZIP CODE 02178	9,728	1	0.1	2	0.1	3	0.1	3	0.1		
ZIP CODE 02180	8,145	1	0.1	0	0.0	1	0.1	105	1.3		
ZIP CODE 02181	4,776	9	0.2	3	0.1	12	0.3	23	0.5		
ZIP CODE 02182	3,761	17	0.5	7	0.2	24	0.6	14	0.4		
ZIP CODE 02184	11,767	14	0.1	3	0.1	17	0.1	61	0.5		
ZIP CODE 02186	8,797	22	0.3	1	0.1	23	0.3	61	0.7		
ZIP CODE 02185	5,736	6	0.1	0	0.0	6	0.1	37	0.6		
ZIP CODE 02189	5,397	20	0.4	0	0.0	20	0.4	24	0.4		
ZIP CODE 02190	5,603	3	0.1	2	0.1	5	0.1	20	0.4		
ZIP CODE 02191	4,002	0	0.0	3	0.1	3	0.1	4	0.1		
ZIP CODE 02192	6,925	19	0.3	13	0.2	32	0.5	11	0.2		

BOSTON MA PMSA HOUSING VACANCY SURVEY

ALL HOUSING TYPES

UNDER
CONSTRUCTION
NUMBER PCT

VACANT
NUMBER PCT
TOTAL
NUMBER PCT

TOTAL
UNITS

SURVEY AREA / ZIP CODE

SUFFOLK COUNTY

BOSTON

ZIP CODE 02193

ZIP CODE 02194

ZIP CODE 02199

ZIP CODE 02210

ZIP CODE 02215

TOTAL BOSTON

WORCESTER COUNTY

HOPEDALE

MILFORD

TOTAL WORCESTER COUNTY

TOTAL PMSA

01747

01757

(CONTINUED)

(CONTINUED)

21 0.6

4 0.1

250 31.4

0 0.0

400 5.2

6,687 1.0

10 0.3

4 0.1

0 0.0

0 0.0

2 0.1

922 0.1

31 0.9

8 0.3

250 31.4

0 0.0

402 5.2

7,609 1.2

15 0.4

12 0.4

0 0.0

0 0.0

95 1.2

3,490 0.5

50 4.3

308 3.8

358 3.9

6,707 0.7

UNDER
CONSTRUCTION

RATE

1,488 0.6%

VACANT

PCT # PCT # PCT

5,355 2.3% 498 0.2% 5853 2.5%

TOTAL
UNITS

231,552

BOSTON ZIP CODES
(Missing Readville Station
and P.O. Boxes)

Table 1

BOSTON NEIGHBORHOODS,
DEFINED BY ZIP CODES

<u>Neighborhood</u>	<u>Zip Codes</u>
Allston-Brighton	✓ 02134, 02135
Back Bay-Beacon Hill	✓ 02108, 02116, 02117, 02123, 02133, 02199
Central Boston	✓ 02101, 02102, 02103, 02104, 02105, 02106, 02107, 02109, 02110, 02111, 02112, 02113, 02114, 02200, 02201, 02202, 02203, 02204, 02205, 02206, 02207, 02208, 02209
Charlestown	02129
Dorchester	
Fields Corner	✓ 02122, 02124
Uphams Corner	02125
East Boston	✓ 02128
Fenway-Kenmore	✓ 02115, 02211, 02214, 02215
Hyde Park	✓ 02136, 02137 Readville boxes
Mattapan-Franklin Field	✓ 02126
Jamaica Plain	✓ 02130
Roslindale	✓ 02131
Roxbury	✓ 02119, 02120, 02121
South Boston	✓ 02127, 02210
South End	✓ 02118
West Roxbury	✓ 02132

Circled zips are commercial or P.O. Box #'s.

January, 1978 Mike Matrullo - BRA RESEARCH DEPT

